

for money by the importation of gold. It is believed that large stocks of gold are hoarded by the natives and that these might be gradually released if a more elastic system of note issue were sanctioned.¹ The original basis of the note issue was the English model of covering the notes in full by specie on fixed securities. The statutes required that the service of note issue should be separate from commercial operations, as at the Bank of England, and that the issue should be covered by gold to the amount of at least one-half and the remainder by securities approved by the government. The notes were made a first lien upon this covering.⁹ Even under these restrictions the note issue was nearly doubled between 1905 and 1906, the average of the former year having been 913,216 Egyptian pounds and of the latter year 1,804,334 Egyptian pounds. The increase was largely in notes of one Turkish pound and fifty piasters.³ The circulation on December 31, 1907, had risen to £2,600,000 (Turkish) covered by securities to the amount of £1,149,954 and specie to the amount of £1,450,046. Of the notes outstanding £469,653 were in the reserves of the banking department of the bank, which also held £1,700,827 in free gold and silver.

The commercial operations of the bank have attained a considerable magnitude during its short term of life. Total assets, apart from the note-issuing department, were at the close of 1907 £10,779,404 in Turkish money, of which investments for short terms represented £1,563,333; advances in local and foreign securities, £2,151,858; foreign bills, £1,178,516; investments in government securities, £1,084,017; and cash, as already stated, £2,170,480.**

¹ London *Economist*, July 6, 1907, LXV., 1138. * *Statute* Art. 5.

³ *Moniteur des IntMfs Materials*, July 5, 1907, 2235.

The Turkish pound is slightly higher in value than the pound sterling, being computed by the United States Mint at \$4.943. The piaster is the hundredth part of the pound. Cf. Meliot, *Didionnaire des Monnaies*, 129-30.

⁴ *Bilan fabliau 31 Decembre, rpo?*, furnished through the courtesy of Mr. Home, Deputy Governor. The balance sheet in English money is given in London *Bankers' Magazine*, May, 1908, I^{XXXV.}, 778.